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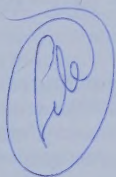
31st ANNUAL REPORT



1980

ANGLO UNITED
Development Corporation
LIMITED

ANGLO UNITED
Development Corporation
LIMITED



SEMI-ANNUAL REPORT
for the Six Months ended April 30, 1980

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED

Suite 3140

P.O. Box 143, 1 First Canadian Place
Toronto, Canada M5X 1C7

To the Shareholders:

The Directors present the unaudited consolidated financial statements of the Corporation for the six months ended 30th April, 1980 which include comparative figures for the corresponding period in 1979.

Financial

Exploration expenditures for the six months ended 30th April, 1980, including contributions to the Munster-Penarroya-Preussag Joint Venture, totalled \$424,816 compared with \$182,992 for the corresponding period in 1979.

Working capital at 30th April, 1980 of \$722,879 shows an increase during the period of \$325,674. This reflects, in part, the sale of 240,000 treasury shares on 6th December, 1979 to associated Northgate Exploration Limited at the price of \$3.32 per share for a total of \$796,800. Subsequent to 30th April, 1980 additional financing was received by your Corporation as the result of the exercise on 6th June, 1980 by Northgate of the latter's option to purchase a further 120,000 treasury shares at \$3.32 per share for a total of \$398,400.

Prospecting Licences in Ireland

Munster Base Metals Limited, the wholly-owned Irish subsidiary of Anglo United Development Corporation Limited, is currently responsible for 26 prospecting licence areas in Ireland. Sixteen of these areas are 100% owned by Munster, the remainder are the subject of a joint venture with Penarroya and Preussag. Munster also has an interest in a further 28 licences, but exploration on these is carried out by joint venture partners.

It is the status of the 26 licences managed by Munster which are subject of this review.

1. Finn Project, County Donegal (4 Licences). This 72 sq. mile block has been the principal centre of Munster's exploration activities since April 1978. At an early stage, the main radiometric zone (M.R.Z.) was traced along a ENE-trending strike length in excess of six miles and extensive geologi-

cal, geochemical and geophysical work preceded the first drill hole in July 1979. Radiometric anomaly No. 9 (RA 9) at the western end of the zone was selected for the initial diamond drilling programme and a series of 23 low-angle holes totalling 4,790 feet were drilled in the period up to February 1980. These traced uranium mineralization over a strike length in excess of 2,300 feet. Hole F9-2 gave the best values of 2.12 lbs. U_3O_8 /24.9 feet and most of the holes showed intersections in the range 0.5 — 1.0 lbs. across 10-50 feet with occasional narrow, higher grade zones. Early suggestions, that the uranium might be exhibiting near-surface secondary enrichment, were discounted by later drill hole data and mineralogical studies. The controls, if any, on the distribution of the disseminated primary uraninite mineralization within the general zone of enrichment are not yet clear, but if it is not completely erratic, it could be concentrated in gently westward plunging elongate pods.

Area RA 11. Holes F11-1 to F11-7 have been completed for a total footage of 1,514 feet and hole F11-8 is currently in progress. The holes have been drilled along strike at 40m (131 ft.) intervals with the exception of holes F11-4 which has been drilled on the same section as F11-3, and F11-7 and F11-8 which are on the same section as F11-6. The following significant intersections have been obtained to date in this programme.

Hole No.	From to Feet	Width Feet	Lbs. U_3O_8 /st.
F11-1	159.3-199.4	40.1	0.22
	incl. (186.2-199.4	13.2	0.31)
	" (189.9-191.7	1.8	0.61)
F11-2	139.0-192.6	53.6	0.50
	incl. (142.4-163.2	20.8	0.57)
	" (142.4-156.7	14.3	0.78)
	" (152.5-156.7	4.1	1.70)
	" (188.6-192.5	3.9	3.54)
	" (190.4-191.2	0.8	13.91)
F11-3	86.7-133.5	46.8	0.39
	incl. (86.7- 91.0	4.3	1.23)
	" (118.1-122.1	4.0	0.95)
F11-4	136.2-142.3	6.1	0.19
F11-5	54.1-110.4	56.3	0.25
	incl. (78.7- 82.9	4.2	1.22)
F11-6	103.7-107.0	3.3	0.29
F11-7	46.3- 63.0	16.7	1.58
	incl. (58.0- 63.0	5.0	3.57)

Drilling will continue on this and other interesting targets along the main zone.

Surface exploration work along the main radiometric zone (M.R.Z.) identified at least seven prime targets for diamond drilling only one of which, RA 9, has been reasonably well tested to date. It is strongly recommended that each one of these targets, and particularly the most promising, i.e. RA 23 and RA 24, is comprehensively investigated by diamond drilling.

Considering that the 2,500 feet covered to date represents less than 8% of the total strike length, the results obtained to date must be regarded as very encouraging and it would be surprising if something considerably better than RA 9 did not exist in the remaining, and so far untested, 92% of the zone.

During 1980, extensive exploration has been carried out on areas outside the M.R.Z. On the two south-westerly licences a total of 2,300 basal overburden samples have been taken in areas north and south of the main zone, resulting in a number of interesting anomalies. Distinct geochemical anomalies south of the M.R.Z. may represent strike extensions of the secondary pitchblende mineralization currently being drilled by Irish Base Metals Limited just west of the licence boundary.

Reconnaissance mapping and prospecting coverage of the two northeasterly licences has also detected several promising areas, warranting follow-up work, these include a soil geochemical value of 2,000 ppm U.

2. Munster-Penarroya-Preussag Joint Venture Project (10 Licences). This joint venture contains the Mallow and Wexford licence blocks where previous exploration and drilling programmes have indicated base metal potential.

Wexford Area

Extensive drilling on various zinc, lead and baryte targets in the Wexford area will be the main feature of this joint venture throughout 1980. In the current programme, which commenced October 1979, five holes have been completed and two are currently in progress — a total of 5,380 feet. The first three holes, drilled in the Gibberpatrick-Saltbridge area close to the sub-outcrop of favourable dolomite horizons, intersected low

grade zinc-lead mineralization. More recently, two holes put down approximately one mile south of Gibberpatrick, with the object of locating the major east-west Rosslare Fault, encountered surprisingly thick sections of conglomerates and sandstones; consequently placing the normal base metal carbonate host rocks at depths in excess of 3,000 feet and outside the scope of this type of reconnaissance drilling.

Hole W80-6 currently in progress on the Killiane Baryte Project has reached a depth of 427 feet.

The second drill on hole W80-7 at Sheephouse, two miles east of Gibberpatrick, is at a depth of 455 feet and proceeding. Considerable amounts of low-grade lead mineralization have been intersected in the upper 300 feet of this hole. It is expected to intersect the main baryte zone around 500 feet.

3. Clontibret Gold Project, County Monaghan (1 Licence). The seven diamond drill holes completed in 1979 just north of the old Clontibret antimony mine, confirmed the presence of significant extensions of the gold-bearing arsenopyrite mineralization. Deep overburden geochemical sampling over a number of old reconnaissance arsenopyrite anomalies outside the immediate Clontibret mine area is planned for the latter half of 1980, before any further diamond drilling. This technique should define additional and possibly stronger arsenopyrite/gold-bearing structures in the district.

4. Counties Galway, Longford, Roscommon and Tipperary (10 Licences). Extensive deep overburden geochemistry and reconnaissance geochemical exploration for carbonate-hosted base metal mineralization on these licences has produced a number of anomalies for future follow-up work.

5. County Mayo (1 Licence). Recent exploration work on this licence has indicated a possible molybdenum/uranium-bearing fault zone cutting a small granite stock. Detailed follow-up work to evaluate this is scheduled to commence in July.

On Behalf of the Board of Directors,

"ALAN R. B. LOWE"
President

26th June, 1980

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF LOSS

For the Six Months Ended April 30, 1980

	1980 \$	1979 \$
Income		
Oil production (net)	7,126	3,277
Interest and other income	42,612	46,934
	<u>49,738</u>	<u>50,211</u>
Expenses		
Administration	92,671	49,518
Bank interest	6,320	3,654
Loss on disposal of marketable securities	15,773	—
	<u>114,764</u>	<u>53,172</u>
Net Loss for the Period	<u>65,026</u>	<u>2,961</u>
Loss per Share for the Period . . .	<u>\$0.00863</u>	<u>\$0.00041</u>

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION For the Six Months Ended April 30, 1980

	1980 \$	1979 \$
Working Capital Provided by:		
Oil lease rentals (net)	7,126	3,277
Interest and other income	42,612	46,934
Proceeds on issue of common shares	796,800	1,032,500
	<u>846,538</u>	<u>1,082,711</u>
Working Capital Applied to		
Fixed asset additions	14,492	2,109
Interest in exploration ventures	58,297	1,224
Deferred exploration expenses	366,519	181,768
Administrative expenses . .	98,991	53,172
Purchase of investments . .	—	241,197
Loss on disposal of marketable securities . .	15,773	—
Depreciation of fixed assets not requiring cash outlay	(33,208)	(2,290)
	<u>520,864</u>	<u>477,180</u>
Increase in Working Capital .	<u>325,674</u>	<u>605,531</u>
Working Capital (Deficiency)		
— Beginning of Period . . .	397,205	(41,621)
Increase in Working Capital	<u>325,674</u>	<u>605,531</u>
Working Capital — End of Period	<u>722,879</u>	<u>563,910</u>

The above statements are subject to year-end audit and adjustments.

Comparative figures have been reclassified to conform with current presentation.

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Development Corporation

LIMITED

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ANGLO UNITED

Development Corporation

LIMITED

Board of Directors

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Toronto, Canada
Investment Dealer

Matthew Gilroy
Dublin, Ireland
*Vice President, Tara Exploration and
Development Company Limited*

L. Jules Gregoire,
Hull, Canada
Civil Engineer

A. Garfield Heyes,
Toronto, Canada
Director, Northgate Exploration Limited

Patrick J. Hughes,
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Chairman, Northgate Exploration Limited

Alan R. B. Lowe,
Toronto, Canada
*President, Anglo United Development
Corporation Limited*

Peter McAleer,
Dublin, Ireland
*Vice President, Northgate Exploration
Limited and Barrister at Law*

James H. Morlock,
Toronto, Canada
Barrister and Solicitor

George T. Smith,
Toronto, Canada
*President, Northgate Exploration Limited,
Barrister and Solicitor*

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President

A. Garfield Heyes,
Executive Vice President

John C. Evans,
Vice President

Matthew Gilroy,
Vice President

W. K. Sandham,
Secretary-Treasurer

Technical Staff

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Chief Geologist*
Peter K. Dendle, B.Sc., M.Sc., *Project Geologist, Donegal*
Richard McCormack, B.A., *Geologist*
Jonathan S. Carter, B.Sc., A.R.S.M., *Research Geologist*
David A. Hemans, M.Sc., D.I.C., *Geologist*
Steven R. Walters, B.Sc., M.Sc., D.I.C., *Geologist*
Donal O'Driscoll, B.A., *Assistant Geologist*
Timothy C. Cranley, *Field Manager*

Shareholders' Auditors

Coopers & Lybrand
Chartered Accountants, Toronto, Canada

Bankers

Bank of Nova Scotia, *King and Victoria Sts. Branch,
Toronto, Canada*

Bank of Nova Scotia, *St. Stephens Green,
Dublin, Ireland*

Transfer Agent and Registrar

Canada Permanent Trust Company, *Toronto, Canada*

Branch Transfer Agent

Gerald Quin, Cope & Co. Limited, *London, England*

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162 Clontarf Road, Dublin 3, Ireland
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Annual Meeting of Shareholders

Friday, 19th June, 1981, 9:00 a.m. *Toronto Time*
The Library Room, Main Mezzanine, Royal York Hotel,
100 Front Street West, Toronto, Canada

DIRECTORS' REPORT TO SHAREHOLDERS

The Board of Directors is pleased to present the 31st Annual Report of the Corporation. Included are the audited consolidated financial statements of the Corporation and its wholly owned subsidiaries for the fiscal year ended 31st October, 1980.

The following is a general review of the principal mineral resource properties and interests held by the Corporation, together with a summary of the significant exploration activities during fiscal 1980 and the subsequent period to date.

The Corporation, through its wholly owned Irish subsidiary, Munster Base Metals Limited, currently has an interest in 46 prospecting licence areas in Ireland. The prospecting licences include 10 which are 100% owned and operated by Munster, 11 fall within the Munster-Penarroya-Preussag Joint Venture operated by Munster, and the remaining 25 are the subject of various Joint Venture agreements where Munster is not the operator.

The 10 licences in which Munster has the sole interest are in County Donegal (4), County Mayo (1), County Monaghan (1) and Counties Longford and Roscommon (4).

The areas held under licence cover a wide range of favourable geological environments and economic targets. These include uranium, molybdenum, copper and tungsten (Donegal and Mayo), lead, zinc, copper and barite in Carbonates (Wexford, Mallow, Longford-Roscommon and Donegal) antimony-gold associated with arsenopyrite in veins (Clontibret) and massive sulphides associated with acid volcanics.

Mineral exploration during 1980 has been largely concentrated on the Donegal Uranium Project. However, exploration has recently re-commenced in the Mayo and Clontibret (County Monaghan) areas.

With respect to the 11 prospecting licences managed by Munster under the Munster-Penarroya-Preussag Joint Venture, the Wexford Block, in particular, saw intensive drilling activity throughout the period.

Exploration activity by Munster reached its highest ever levels in the year under review with, for a period, five diamond drills in operation. Total drilled footage in Donegal and Wexford for the 12 month period ended 31st October, 1980 was 17,040 feet, and an additional 3,118 feet has been drilled up to 31st January, 1981.

The parent corporation, Anglo United, also has mineral resource interests in Canada, notably a

20-claim gold prospect at Snare River, Yellowknife area, Northwest Territories, held under mining lease, on which exploration has been carried out intermittently since 1965. Buoyant gold prices have underscored the significance of this property which is now scheduled for reinstatement of exploration.

FINANCIAL

The high level of mineral resource exploration activity during the fiscal year ended 31st October, 1980 is evident in the pronounced upswing in expenditures from \$560,620 in fiscal 1979 to \$956,931. These expenditures include contributions to the Munster-Penarroya-Preussag Joint Venture totalling \$244,795 in 1980 and \$74,923 in 1979.

Working capital at 31st October, 1980 of \$612,142 shows an increase during the year of \$214,937 notwithstanding the considerable outlay for exploration. Working capital at fiscal year end 1979 was \$397,205.

The major contributing factor to working capital in 1980 was the proceeds of \$1,211,130 from the issue of treasury shares. There was a comparable item in the previous year totalling \$1,073,653. Sources of income totalling \$184,905 during 1980 included petroleum production income of \$16,082 together with interest and other sundry income totalling \$168,843.

The Corporation and its wholly owned investment subsidiary have a combined holding of 246,333 shares in Northgate Exploration Limited with a carrying value of \$231,541 and a quoted market value at 31st October, 1980 of \$3.3 million.

DONEGAL URANIUM PROJECT

The four contiguous prospecting licences in Donegal cover an area of approximately 72 square miles, or a block about 22 miles long by 3 to 6 miles wide, of which at least 80% is underlain by the NE-SW elongated Main Donegal Granite.

Exploration activity has been at a very high level throughout the year, particularly on the two south-westerly licences. The previously reported six mile long Main Radioactive Zone (MRZ) on these two licences has been tested by exploratory diamond drilling at six separate target areas for uranium mineralization. These, and other targets along the zone, had been previously defined by a variety of exploration techniques which had been applied to this



CLOCKWISE FROM UPPER LEFT: Shallow hole drilling for sub-outcrop samples; Trenching depicts typical heavy overburden; Portable drill probing for sub-surface samples; and Field reconnaissance survey with magnetometer.



technically difficult environment of thick peat and drift covered hills.

Diamond drilling totalling 4,790 feet in 23 low-angle holes had been completed on Radiometric Anomaly No. 9 (R.A.9) by the end of February, 1980, tracing the zone over a strike length of 2,300 feet — a considerable improvement on the 300 feet known from earlier surface work. The limited drilling has shown that although the general uranium-bearing zone could be traced continuously across the area, predictions regarding the extent and location of higher grade mineralization from hole to hole could be very difficult, reflecting its probable erratic distribution.

However, taking into account the entire range of values encountered, a broad zone of uranium mineralization has been roughly outlined, averaging 0.58 lbs. U_3O_8 over a width of 28.4 feet and along a strike length of 1,700 feet. Some of the better grade sections in this zone include 2.13 lbs. U_3O_8 over 24.9 feet in Hole F9-2 at the eastern end and 950 feet along strike to the west another section averaging 1.17 lbs. over 23.4 feet in Hole F9-16.

Detailed mineralogical studies indicate that uraninite is the predominant uranium mineral with secondary minerals playing a very insignificant part. This finding discounted earlier suggestions that near surface supergene enrichment might be a major factor.

At R.A.'s 11 and 24, 3,000 feet and 4,500 feet to the ENE respectively, similar broad zones of low grade uranium mineralization with erratic higher grade zones were encountered in the diamond drilling. At R.A. 11, ten holes totalling 2,165 feet were completed. The best hole, F11-2 returned an overall average of 0.50 lbs. U_3O_8 over 53.6 feet (including 13.91 lbs. over 0.8 feet) which had been previously reported. The seven holes totalling 1,768 feet completed on R.A. 24 in a zone parallel to the main zone, showed a very broad but lower grade zone of mineralization.

A single drill hole recently completed on R.A. 15 to investigate the possibility of secondary enrichment across a major fracture zone, located only small amounts of primary type mineralization. Drilling on R.A. 22 and R.A. 23 (western extension) in the Meenachullion area, 18,000 feet eastwards from R.A. 24, commenced in August, 1980 utilizing a second drill.

In spite of the apparently extensive drilling already carried out, totalling 12,312 feet in 59 holes, less than 15% of the total strike length of the MRZ and only half the most promising surface-detected targets have been tested. Experience has shown, however, that surface indications are frequently misleading, often underestimating or even failing to detect buried mineralization. This was abundantly evident at the western end of R.A. 9.

It would be surprising therefore, if substantially better and more persistent mineralization did not exist in the remaining and so far untested 85% of the zone. It should also be recognized that such mineralization may have a very weak or even non-existent surface expression.

The 'secondary type' pitchblende-filled fracture mineralization found further to the west off the licence area has not been detected in drilling or prospecting on Munster's licences. Deep overburden geochemical anomalies in the southwestern part of P.L. 2545 however, may be reflecting this type of mineralization beneath the peat. Further work to test these anomalies is contemplated.

Reconnaissance geological mapping, prospecting and geochemical coverage of the two northeasterly licences (P.L.s 2547 and 2548) has been completed and several promising anomalous areas delineated for future follow-up work.

In the Glenaboghill area. of P.L. 2546, detailed geological mapping, deep geochemical sampling and geophysical surveys have been carried out over a lead-zinc bearing fault zone and potentially mineralized carbonate horizon within the metasediments immediately south of the granite. Intermittent geochemical anomalies occur along a strike length of approximately 10,000 feet, with peak values at 27,000 ppm zinc, 1,340 ppm lead and 1,100 ppm barium and further work, probably in the form of exploratory drilling, is planned for this area.

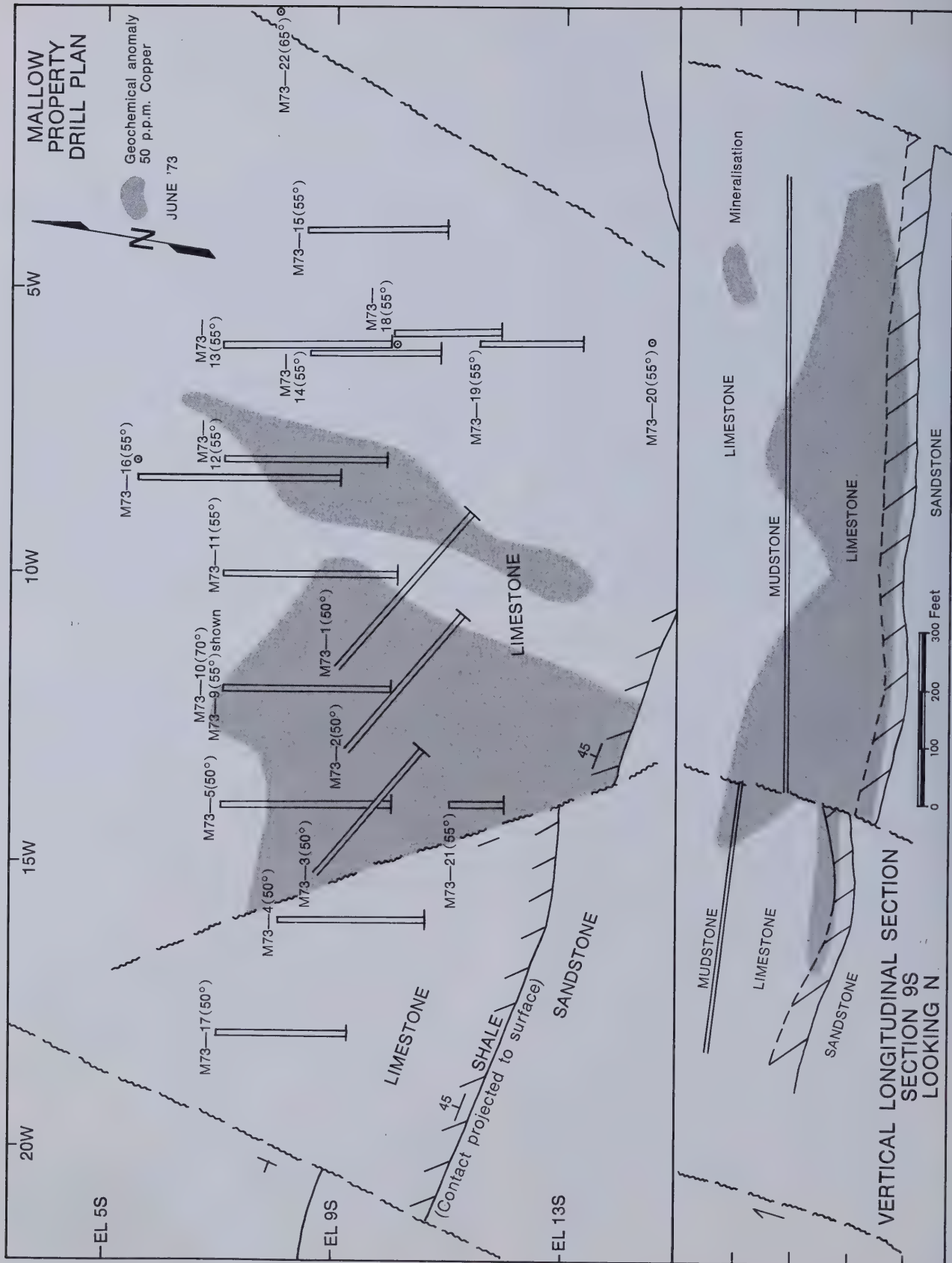
MUNSTER-PENARROYA-PREUSSAG PROJECT

Munster is the operator and has a one-third participating interest in 11 prospecting licences which presently constitute the Munster-Penarroya-Preussag Joint Venture. New licence areas offered to the partners in December, 1980 were not considered, after evaluation, to justify initiating 'grass roots' exploration programs at this time.

Wexford

During 1980, extensive diamond drilling has been undertaken on the Wexford block of six licences where previous drilling around 1970 had located encouraging amounts of zinc-lead mineralization in two distinctive dolomitic horizons near Duncormick on P.L. 456. The intersection of these southwards-dipping dolomite horizons with the ENE-trending Rosslare Fault, which brings Carboniferous carbonate horizons against pre-Cambrian basement, was considered to be a most promising drill target.

Diamond drilling commenced in October, 1979 and up to 31st January, 1981 a total of 13,265 feet of drilling had been achieved in 16 holes, of which 9,147 feet in 13 holes was completed in fiscal 1980. The



initial three holes sited close to earlier drilling near Duncormick intersected low grade zinc-lead mineralization in the dolomite horizons.

Subsequent holes — W80-4 and W80-5 — drilled approximately one mile south of this original area to test the carbonates in the Rosslare Fault, encountered an unexpectedly thick series of conglomerates of probable Permo-Triassic Age, 1,198 feet thick in Hole 5 and apparently thickening southwards. A similar hole, W80-9, encountered 940 feet of conglomerate 14,000 feet to the east.

The main conclusion from these holes and holes W80-7 and W80-13, also drilled close to the Rosslare Fault, was that the dolomite units in this area were in excess of 3,000 feet below surface and clearly outside the scope of reconnaissance exploration drilling.

Correspondingly, the emphasis for finding carbonate hosted base metal mineralization was switched to the eastern end of the fault where there was no conglomerate and the dolomites were close to surface. Drill holes to intersect the fault in this eastern area have been sited in two locations, some two miles apart. Drilling is currently in progress.

The most surprising discovery of the year occurred at the base of Hole W80-5, beneath the conglomerate, where siltstones, shales and a very thin coal seam were intersected which were dated by micro-fossils as Coal Measure Age. Unfortunately, the significance of this find could not be fully investigated because the hole was lost due to technical difficulties after coring only 158 feet of the sequence.

It seems likely however, that the Coal Measure Strata intersected represent a small onshore extension of a much larger offshore basin extending south-westwards. Work to assess the full implications of the find will be actively pursued in 1981.

Mallow Area

The copper-silver deposit discovered in the Tullacondra area of P.L. 1399 during 1979, is currently the subject of an advanced economic study. This evaluation should enable parameters to be defined in terms of tonnage, grade, working costs and metal prices at which a more comprehensive feasibility study would be justified. Decisions relating to future activity in the Mallow area will be made in the light of this study which should be completed during the first half of 1981.

It will be recalled that drilling indicated an occurrence of about four million tons grading about 0.69% copper and 0.86 oz. of silver per ton and containing higher grade sections within the tested area.

CLONTIBRET GOLD PROJECT

The seven diamond drill holes completed in 1979 confirmed the presence of 3 to 5 narrow gold-bearing quartz veins with associated arsenopyrite mineralization cutting folded greywackes and shales. The zone which was traced over a north-south strike length in excess of 1,200 feet, is open at both ends and has only been tested down to a vertical depth of 200 feet.

As previously reported, four of the seven holes obtained significant intersections, ranging from 2.0 feet at 0.09 oz. of gold per ton to 4.0 feet at 0.28 oz. of gold per ton. Two narrow but excellent grade intersections were obtained in Hole C79-3, being 2.0 feet at 0.45 oz. and 1.5 feet at 0.51 oz. of gold per ton, while Hole CL79-1 cut, among other intersections, 2.5 feet of 0.52 oz. of gold per ton.

A detailed mineralogical report based on core samples from this drilling by a consultant, has recently been received. Three of the conclusions are of particular significance:

1. Since gold tends to be associated with the most friable material in the fault/vein structures, it is very likely that considerable gold was lost during the diamond drilling which produced poor recoveries through such zones. The results therefore, almost certainly under-estimate the actual gold content.
2. Gold is present as minute particles of 'free gold' and should present no major processing problems.
3. Fragments of gold-bearing bituminous shale found in the fault structures may be derived from a more widespread stratigraphic horizon.

Commencing in October, 1980, an extensive program of deep overburden geochemistry was initiated in the Clontibret area in an attempt to trace strike extensions of the gold-bearing fault/vein systems and to locate other promising targets in the vicinity.

As a result of this work, a major anomalous geochemical trend has been discovered running ENE-wards, parallel to the regional strike and crossing the projected extension of the Clontibret vein just south of the earlier drilling.

So far, this anomaly has been traced by deep sampling along a strike length in excess of 5,000 feet. In March, 1981, preliminary trenching on the anomaly in an area of unusually thin overburden at the ENE-end of the zone, has shown significant gold values in the heavily weathered bedrock of sheared and quartz-veined greywackes and shales, ranging up to 995 ppb (equivalent to 0.03 oz./ton).

A sample taken with a portable percussion drill from



Above: Down the hole gamma ray logging during drilling at Donegal.



less weathered material about five feet below the bedrock surface in the trench, gave 2,300 ppb gold (equivalent to 0.07 oz./ton).

The intersection of this ENE-WSW, gold-bearing geochemical trend and the extension of the Clontibret vein system and other similar structures, present prime exploration targets for gold which will be tested by diamond drilling in the near future.

In the projected area of this intersection south of Clontibret, deep soil samples taken to date give anomalous gold values up to 1,520 ppb (equivalent to 0.05 oz./ton). Further geochemical work is planned in this area prior to spotting the initial drill holes.

MAYO LICENCE AREA

Reconnaissance stream sediment geochemistry over this licence defined an area of anomalous molybdenum values originating from the eastern end of a small granite stock. Follow-up basal peat sampling confirmed the earlier reconnaissance work by detecting extensive molybdenum anomalies ranging up to 1,000 ppm Mo against a background of less than 10 ppm. More recently, detailed prospecting in the vicinity of the geochemical highs has located molybdenite mineralization in the boulders and outcrop, especially adjacent to the granite contact with the metasedimentary envelope. More detailed evaluation of this discovery is currently in progress.

OTHER LICENCE AREAS

During 1980, the group of nine prospecting licences in the Galway, Longford, Roscommon area of Ireland's northwest midlands have been covered by deep geochemical sampling and geological mapping. Five licences which showed little promise were surrendered and future work will concentrate on the four remaining licences which contain encouraging geochemical anomalies and geological features.

In Connemara, 22 licences in which Munster has an interest are the subject of various Joint Venture Agreements with Irish Base Metals (Northgate) and Central Mining Finance (Charter Consolidated). Exploration of these licences during 1980 was carried out by Irish Base Metals and work has included a thorough review and evaluation of all previous exploration. There are a number of potential target areas for tungsten, uranium and molybdenum which warrant further attention.

SNARE RIVER GOLD PROJECT, YELLOWKNIFE, N.W.T.

Background

Your Corporation's Snare River property containing the gold deposit is 88 miles northwest of the Town of

Yellowknife, N.W.T. and is accessible by aircraft or by a 40 mile winter road which connects to the Mackenzie Highway at Fort Rae. The property, consisting of 19 claims (about 950 acres), is held under a 21-year renewable mining lease, the present term of which extends to March 26, 1992.

The original gold discovery at Camp Lake was in 1938. Trenching was performed on three shear zones. The claims lapsed in the early 1940's but were restaked in 1944 and during the two succeeding years, various programs of prospecting, geological mapping and 7,363 feet of diamond drilling was carried out. The property was acquired in the early 1960's by Wayne Petroleum Limited, the predecessor to Anglo United Development Corporation Limited.

In 1965, prospecting, geological mapping and 14,335 feet of AXT diameter drilling were performed. Essentially no detailed work was carried out on the property since 1974 when prospecting, geological mapping, trenching and 4,834 feet of AQ diameter diamond drilling were carried out. The latter program, correlated with the results from previous work, led to a consultant's recommendation at that time to conduct further exploration and development via an underground access.

Shortly following the completion of the 1974 exploration, flooding of part of the property, specifically including all of the No. 1 Zone and most of the No. 2 Zone, resulted from the construction of Northern Canada Power Commission's Snare Forks dam and hydroelectric facility. The net effect of this flooding, which is acknowledged as a result of the dam construction, was the removal from mineable reserves of some 18,770 tons at 0.38 ounce of gold per ton (7,145 ounces) because of the location of these tonnage reserves in a now necessary crown pillar.

Negotiations with Northern Canada Power Commission for settlement of damages from this flooding have been in progress for some time.

The year 1973 saw the final breakout of world gold prices from the confines of the long-standing 'official' price of \$35 per ounce. Confirmation of the uptrend was provided in 1974 when the price of gold surged from a level around US\$110 per troy ounce at the beginning of the year to a high the following December of nearly US\$200 per ounce.

The uptrend was soundly based on fundamental and predictable factors, attaining a strong plateau at an average price for all of 1974 of US\$162 per ounce. Your Corporation took a decision early in 1974 to mobilize an ongoing program at the Snare River gold property with a view to coordinating contemplated exploitation at a gold price appropriate to the standard parameters of tonnage, grade, development costs and bullion prices.



Above: Technician carrying out Induced Polarization Survey at Donegal Uranium Project. Right: Members of the Technical Staff, Munster Base Metals Limited.

Alongside: Field evaluation of drill core by radon assaying of uranium mineralization.



Below: Left, a familiar field scene — transporting drill core boxes for examination and storage. At right is a group picture of Munster Base Metals' staff; Alan R. B. Lowe, President, is third from left and to the right are Matthew Gilroy, Vice President and David G. Wilbur, Exploration Manager and Chief Geologist.



The fact of the long term mining lease which secured the gold property enabled great flexibility in this forward planning.

Current

As a consequence of the flooding, in 1980 and continuing into 1981, your Corporation commissioned a series of studies relative to the Snare River gold deposit, retaining the services and counsel of Trigg, Woollett Consulting Limited, consulting geological engineers based in Edmonton, Alberta as well as other specialized consultants.

These studies were directed to examine and cost of number of exploration/development approaches for alternative methods of procedure.

A preliminary draft of the study ("A Study of Alternatives") was submitted to Management early in May, 1981, which is being reviewed for specific decision and implementation.

Snare River Gold Project

Two veins, the No. 1 Zone and No. 2 Zone, have been explored in most detail. Widths of these zones range from 2 to 20 feet and average about 3.6 feet. Gold exists in well defined, northerly raking shoots. The South Zone consists of at least six subparallel, branching quartz veins. Numerous other essentially untested shears and/or quartz veins are known on the property.

The dimensions, location and relationship of the principal veins are approximated in the plan and section drawings appended, together with a plan of the previous drilling.

Drill indicated reserves in the South Zone, No. 1 Zone and No. 2 Zone total 43,750 tons at 0.46 ounce of gold per ton (20,060 ounces). However, because of the flooding by NCPC in the construction of the dam at Snare Forks downstream from the gold deposit, certain portions of the No. 1 and No. 2 Zones are no longer available for mining, consequently 18,770 tons at 0.38 ounce of gold per ton (7,145 ounces) are deleted from the drill indicated reserves because of their location in a crown pillar.

The remaining drill indicated plus potential reserves of the No. 1 and No. 2 Zones total 51,150 tons at 0.40 ounce of gold per ton (20,485 ounces). In addition, the drill indicated and potential reserves for the B-Vein and the C-Vein of the South Zone total 13,050 tons at a weighted average grade of 0.35 ounce of gold per ton (4,597 ounces).

Bench metallurgical tests indicate the ore is amenable to treatment by conventional fine grinding and direct cyanidation. This preliminary work was done

from drill core samples rather than from fresh underground bulk samples. The bench tests of this material indicate recoveries ranging from 94.0% to 97.1% for drill core samples from the No. 2 Zone and from 71.7% to 75.5% for drill core samples from the No. 1 Zone.

The consultants advise that about 24,900 feet of BQ diameter drilling, estimated to cost \$875,000, would be required to test the known as well as the unexplored occurrences by surface drilling. This drilling could add some 30,000 tons estimated at 0.37 ounce of gold per ton (11,100); most of this additional tonnage would be added to reserves of the No. 1 Zone and No. 2 Zone.

Much of this drilling could best be performed from underground. As a consequence, a decision respecting this amount of drilling should be postponed.

However, at least 2,000 feet of BQ diameter drilling should be drilled from surface to test the No. 3 Zone and to test from the extension of an intersection of 0.56 ounce of gold per ton across 2.4 feet obtained in Hole 65-28. In addition, an allowance of 2,000 feet of surface drilling should be made in order to permit testing of target that will result from the completion of data plotting based on an interpretation of information from diamond drilling and geological mapping done prior to the 1974 program.

The cost to drill the recommended 4,000 feet is estimated at \$150,000 and will include about 10 holes each of 200 feet to test the No. 3 Zone at depth and also test the extension of the 0.56 ounce of gold intersection obtained in Hole 65-28.

An underground program that would consist of 1,035 feet of ramp decline driven at minus 15%, 560 feet of level drive, 660 feet of crosscuts and drifts, 4,395 feet of BQ diamond drilling, trial stoping, hoisting and trucking about 1,800 tons for test milling is estimated to cost \$3 million, including management and consulting fees.

As previously noted, much of the recommended total drilling from surface of 24,900 feet could best be performed from underground. This would permit 8,500 feet of the 24,900 feet of drilling to be better drilled from an underground exploration access and about 4,700 feet could be eliminated because of the amount of drilling through intervening overburden and rock would be reduced because of the comparatively short range of the targets.

The saving, because of the lower cost of performing part of the drilling from underground and because of the reduced amount of drilling, would be about \$290,000.

Implementation of part or all of the recommended exploration and development procedures will be

Snare River

0+00

800N

600N

400N

200N

00

200S

400S

600S

800S

1000S

1+45E

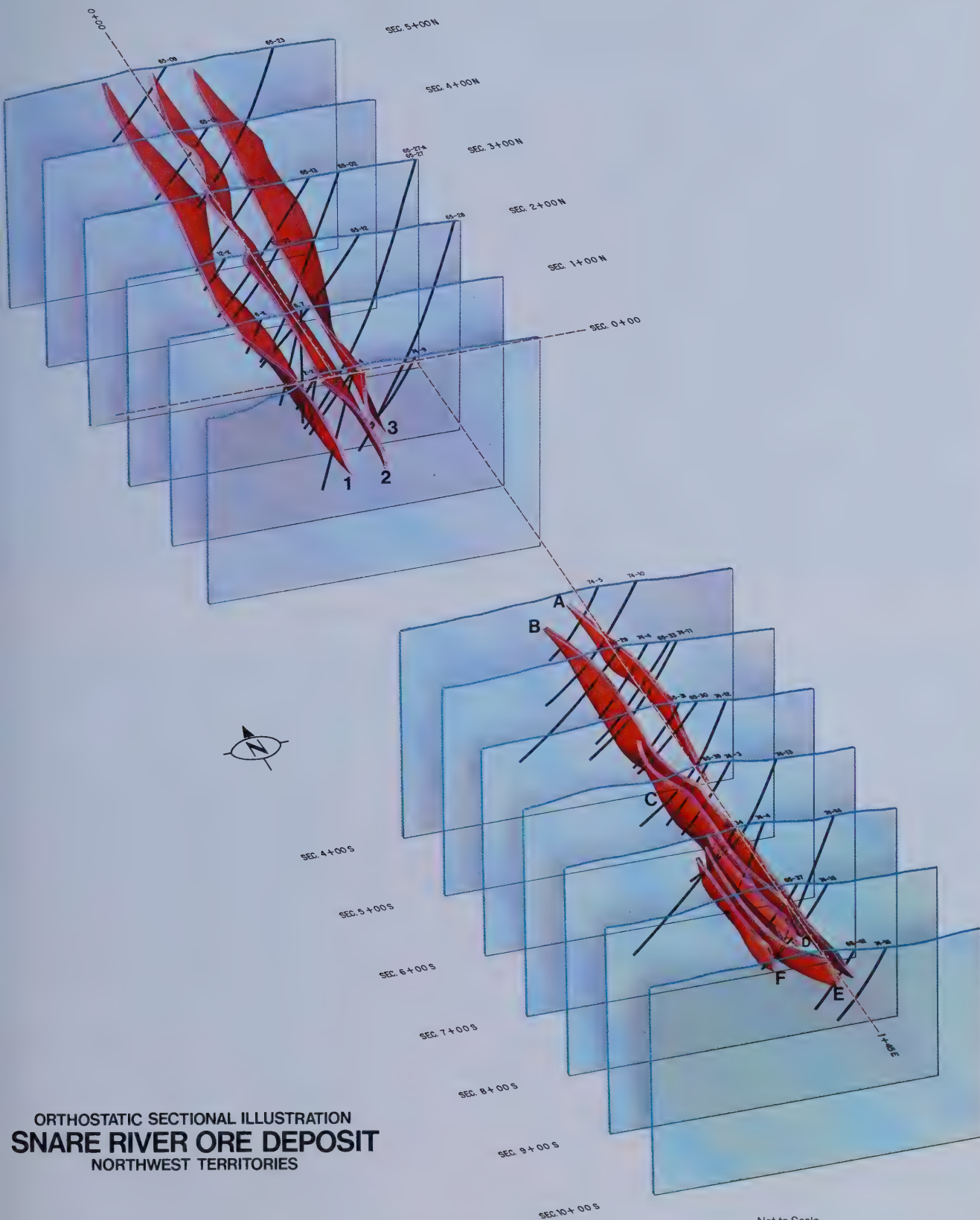


SURFACE PLAN

SNARE RIVER ORE DEPOSIT



Camp Lake



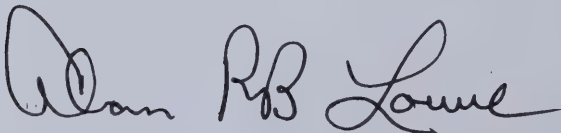
considered following the completion of the current evaluation of the study and its final drafting.

GENERAL

It is the considered opinion of your Board of Directors that significant progress was made in the various mineral resource undertakings of the Corporation during and subsequent to the fiscal year 1980. The emerging picture of a large tonnage potential in respect of the Donegal Uranium Project is one that should be viewed in terms of the geographic location in which substantial nuclear power electric generating facilities are already installed and planned against a background of virtually non-existent local uranium resources.

Both the Clontibret and the Snare River gold projects offer compelling shorter term potential and are considered excellent exploration targets. Your Corporation plans an active year in 1981 and beyond, with principal emphasis on the latter two projects.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read "Alan R. B. Lowe". The signature is fluid and cursive, with the first name "Alan" being the most prominent.

"Alan R. B. Lowe"
President

25th May, 1981



LONGITUDINAL SECTIONS



ANGLO UNITED DEVELOPMENT CORPORATION

CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1980

ASSETS

CURRENT ASSETS

Short-term deposits	
Marketable securities (quoted market value \$27,200)	
Accounts receivable	
Prepaid expenses	

INVESTMENTS — at cost (note 2)

Shares of Northgate Explorations Limited (quoted market value 1980 — \$3,294,704; 1979 — \$1,724,331)	
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MINING AND OIL PROPERTIES (notes 1 and 3)

Oil leases	
Mining claims	
Interest in exploration ventures	
Deferred exploration expenses	

OTHER ASSETS

Exploration fixed assets — at cost, less accumulated depreciation of \$140,339 (1979 — \$76,470) (note 1)	
Organization expenses	

LIABILITIES

CURRENT LIABILITIES

Bank indebtedness	
Accounts payable and accrued charges	

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 5)

Authorized — 10,000,000 common shares without par value	
Issued and fully paid — 7,742,850 shares (1979 — 7,377,540 shares)	

DEFICIT	
---------------	--

ION LIMITED



1980	1979
\$	\$
588,718	454,285
42,025	271,927
44,806	16,204
7,141	3,648
<u>682,690</u>	<u>746,064</u>
231,541	231,541
16,210	32,272
72,500	72,500
318,408	1,073,613
2,298,819	1,586,083
<u>3,705,937</u>	<u>2,764,468</u>
17,854	46,833
18,653	18,653
36,507	65,486
<u>4,656,675</u>	<u>3,807,559</u>
—	277,634
70,548	71,225
<u>70,548</u>	<u>348,859</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Anglo United Development Corporation Limited as at October 31, 1980 and the consolidated statements of loss and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at October 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
November 24, 1980

Coopers & Lybrand
Chartered Accountants

ON BEHALF OF THE BOARD

6,681,372	5,470,242
2,095,245	2,011,542
4,586,127	3,458,700
<u>4,656,675</u>	<u>3,807,559</u>

J. H. MORLOCK, Director

A. G. HEYES, Director

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED

CONSOLIDATED STATEMENT OF LOSS AND DEFICIT

For the Year Ended October 31, 1980

	1980	1979
INCOME	\$	\$
Oil production — net	16,062	8,391
Interest and other income	168,843	74,577
	<u>184,905</u>	<u>82,968</u>
EXPENSES		
Administration	179,356	125,469
Bank interest	4,300	37,907
Amortization of oil leases	16,062	8,391
Write-off of interest in exploration ventures	—	11,626
Write-off of deferred exploration expenses	—	10,945
Loss on disposal of marketable securities	68,890	—
	<u>268,608</u>	<u>194,338</u>
NET LOSS FOR THE YEAR	83,703	111,370
DEFICIT — BEGINNING OF YEAR	2,011,542	1,900,172
DEFICIT — END OF YEAR	<u>2,095,245</u>	<u>2,011,542</u>
LOSS PER SHARE FOR THE YEAR	<u>\$0.11</u>	<u>\$0.15</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended October 31, 1980

	1980	1979
WORKING CAPITAL PROVIDED BY:	\$	\$
Interest and other income	168,843	74,577
Oil lease rentals	16,062	8,391
Proceeds on issue of shares	1,211,130	1,073,653
Proceeds on disposal of marketable securities	161,012	—
	<u>1,557,047</u>	<u>1,156,621</u>
WORKING CAPITAL APPLIED TO:		
Exploration fixed asset additions — net	34,890	69,213
Interest in exploration ventures	244,795	74,923
Deferred exploration expenses	712,736	485,697
Administration expenses	179,356	125,469
Bank interest	4,300	37,907
Depreciation of fixed assets not requiring cash outlay	(63,869)	(35,954)
Cost of marketable securities sold	229,902	—
	<u>1,342,110</u>	<u>757,225</u>
INCREASE IN WORKING CAPITAL	214,937	399,366
WORKING CAPITAL (DEFICIENCY) — BEGINNING OF YEAR	397,205	(2,161)
WORKING CAPITAL — END OF YEAR	<u>612,142</u>	<u>397,205</u>

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended October 31, 1980

1. ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects to international accounting standards. Outlined below are those policies considered particularly significant for the company.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Anglo United Investments Limited and Munster Base Metals Limited.

(b) Translation of foreign currency

Current assets and current liabilities are translated to Canadian dollars at the year-end exchange rate. Other assets have been translated at the rate in effect at the time of the transaction.

(c) Amortization

Oil leases are being written off in amounts equal to net revenue received.

(d) Depreciation

Depreciation is calculated on fixed assets at a rate of 100% per annum. Assets purchased during the year are depreciated from the month of purchase. This depreciation is charged to deferred exploration expenses.

(e) Interest in exploration ventures

These expenses are deferred until such time as they are written off against production from the property to which they apply, or until the interest is abandoned.

(f) Deferred exploration expenses

These expenses are deferred until such time as they are written off against production from the property to which they apply or until all the claims within the area are sold or otherwise disposed of. Sufficient expenditures are charged to expenses in the year incurred to absorb any income remaining after deduction of all other expenses.

2. INVESTMENTS

Due to the number of shares held, the quoted market value is not indicative of the value which may be more or less than that indicated by market quotations.

3. MINING AND OIL PROPERTIES

(a) The amounts shown for mining and oil properties represent costs to date, less amounts written off, and are not intended to reflect present or future values.

(b) Oil leases consist of an interest in the Sarcee Buffalo Group and the Canex Buffalo Group in the Buffalo-Bindloss Area of Alberta.

(c) Mining claims consist of the Camp Lake property of 20 claims in the Snare River area, Northwest Territories.

(d) Interest in exploration ventures consists mainly of the expenditures on the Irish property covered by the Penarroya agreement of \$1,063,100 (1979 — \$949,972).

(e) Penarroya Agreement

As of November 1, 1975 Munster Base Metals Limited (a wholly-owned subsidiary), Societe Miniere et Metallurgique de Penarroya and Preussag — Metals A. G. entered into a joint venture agreement in respect of certain mining licences held in the Republic of

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended October 31, 1980

Ireland. Under the agreement, which is to remain in force until such time as all licences have been abandoned or surrendered, Munster has an initial participating interest of one-third.

(f) Deferred exploration expenses are summarized below:	1980	1979
	\$	\$
Balance — beginning of year	1,586,083	1,111,331
Expenditures during year	712,736	485,697
	<u>2,298,819</u>	<u>1,597,028</u>
Amounts written off	—	10,945
Balance — end of year	<u>2,298,819</u>	<u>1,586,083</u>

4. INCOME TAXES

- The company has substantial amounts of deferred exploration expenses available for income tax purposes which may be applied against income of future periods.
- One of the subsidiary companies has non-capital loss carry-forwards for income tax purposes of approximately \$150,000 which expire in varying amounts up to 1985 and capital loss carry-forwards of \$68,890 which may be carried forward indefinitely and applied against future capital gains.

5. CAPITAL STOCK

- During the year the company issued 360,000 shares to a related party for cash of \$1,195,200.
- During 1979 options were granted to employees on 130,000 shares at a price of \$2.95 a share, exercisable at any time up to and including December 5, 1981. As at October 31, 1979 options on 116,050 shares remained outstanding. Options were exercised on 5,400 shares during the year, leaving options on 110,650 shares outstanding at October 31, 1980.

6. SENIOR OFFICERS' REMUNERATION

The aggregate direct remuneration paid to directors and senior officers (as defined by The Business Corporations Act (Ontario), which includes the five highest paid employees) was \$153,768 (1979 — \$119,616).

7. SEGMENTED INFORMATION

Substantially all of the company's operations pertain to the exploration and development of mining properties and the financing thereof.

Geographic information concerning the company and its operations is as follows:

- The company derives no income from Ireland and all items shown on the company's consolidated statement of loss pertain to activities in Canada.
- Of the company's identifiable assets, \$2,959,854 are located in Ireland. All other identifiable assets are located in Canada.

8. PRIOR YEAR'S FIGURES

Certain of the 1979 figures have been reclassified to conform to the 1980 financial statement presentation.

